

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 202765

15

ORIGIN EUR-02

INFO OCT-01 ISO-00 H-01 L-01 /005 R

66653

DRAFTED BY: EUR/EE:TEDEAL/LVA

APPROVED BY : EUR:JAARMITAGE

EUR/EE:NGANDREWS

H:KBJENKINS

L:FKWAITEK

----- 082019

R 191536Z SEP 74

FM SECSTATE WASHDC

TO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE STATE 202765

FOL STATE 202765 SENT ACTION PRAGUE INFO BONN LONDON

BRUSSELS PARIS ZURICH DATED 14 SEP 74 SENT YOU

QTE

LIMITED OFFICIAL USE STATE 202765

E.O.11652: N/A

TAGS: PFOR, EFIN, CZ, US

SUBJECT: US-CZECHOSLOVAK CLAIMS AGREEMENT

REF: A) STATE 199967, B) PRAGUE 6929

1. AS REPORTED IN REFTEL A, SENATE FINANCE COMMITTEE ON
SEPTEMBER 11 ADOPTED AN AMENDMENT TO TITLE IV OF TRADE
REFORM ACT WHICH THREATENS TO BLOCK CONCLUSION OF THE
FINANCIAL AND CLAIMS SETTLEMENT AGREEMENT.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 202765

2. AMENDMENT READS AS FOLLOWS: QUOTE: NOTWITHSTANDING ANY OTHER PROVISION OF LAW, CZECHOSLOVAKIA SHALL NOT BE ELIGIBLE TO RECEIVE MOST-FAVORED-NATION TREATMENT OR TO PARTICIPATE IN ANY PROGRAM OF THE GOVERNMENT OF THE UNITED STATES WHICH EXTENDS CREDITS OR CREDIT GUARANTEES OR INVESTMENT GUARANTEES, DIRECTLY OR INDIRECTLY, AND THE GOVERNMENT OF THE UNITED STATES SHALL NOT CONSENT TO THE RELEASE TO CZECHOSLOVAKIA OF ANY GOLD BELONGING TO THAT NATION AND CONTROLLED BY THE UNITED STATES PURSUANT TO THE PROVISIONS OF THE PARIS REPARATIONS AGREEMENT OF JANUARY 24, 1946 OR OTHERWISE UNTIL THE GOVERNMENT OF CZECHOSLOVAKIA FIRST PAYS ALL PRINCIPAL AMOUNTS IT OWES TO CITIZENS OR NATIONALS OF THE UNITED STATES ON AWARDS HERETOFORE RENDERED AGAINST THAT NATION BY THE FOREIGN CLAIMS SETTLEMENT COMMISSION OF THE UNITED STATES UNDER THE PROVISIONS OF PUBLIC LAW 85-604 (TITLE 22 U.S.C. ARTICLE 1642 ET SEQ.).

3. WE HAD NO ADVANCE WORD THAT SENATE FINANCE COMMITTEE HAD ANY INTEREST IN THE CLAIMS AGREEMENT UNTIL 24 HOURS BEFORE WE WERE SUMMONED TO PROVIDE A WITNESS TO EXPLAIN THE AGREEMENT TO THE COMMITTEE. DEPARTMENT WITNESSES APPEARED BEFORE COMMITTEE IN EXECUTIVE SESSION AND ARGUED VIGOROUSLY IN DEFENSE OF AGREEMENT. WE POINTED OUT THAT THE CZECHOSLOVAK GOVERNMENT HOLDS TITLE TO THE GOLD AND THUS THE U.S. COULD NOT DISPOSE OF IT TO SATISFY DOMESTIC CLAIMANTS, THAT THE SETTLEMENT WAS A FAVORABLE ONE FROM THE STANDPOINT OF U.S. INTERESTS AND IN COMPARISON WITH CLAIMS AGREEMENTS WITH OTHER EASTERN EUROPEAN COUNTRIES, THAT THE MAJORITY OF CLAIMANTS WERE SATISFIED WITH THE TERMS, AND THAT, IF THE AGREEMENT COLLAPSED, THE CLAIMANTS THEMSELVES WOULD SUFFER. WE ALSO UNDERScoreD THE HIGHLY DETRIMENTAL EFFECT THE AMENDMENT WOULD HAVE ON OUR EFFORTS TO NORMALIZE RELATIONS WITH CZECHOSLOVAKIA.

4. HOWEVER, MOST OF DEBATE CENTERED AROUND CZECHOSLOVAK GOLD. IT WAS ARGUED THAT U.S. SHOULD SIMPLY SELL OFF GOLD AND REIMBURSE CLAIMANTS. ANOTHER VIEW EXPRESSED WAS THAT U.S. SHOULD SIT ON GOLD UNTIL ITS VALUE HAD RISEN SUFFICIENTLY SO THAT CZECHOSLOVAKS WOULD FIND IT ADVANTAGEOUS TO SETTLE IN FULL.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 202765

5. SENATOR LONG FURTHER REQUESTED THAT DEPARTMENT SEEK VIEWS OF BRITISH AND FRENCH GOVERNMENTS ON GOLD QUESTION. ON SEPTEMBER 12 DEPUTY SECRETARY ARMITAGE CALLED IN BRITISH AND FRENCH EMBASSY OFFICERS AND ASKED FOR REPLY ON THIS POINT ON URGENT BASIS. BRITISH REPLIED THAT THERE IS, IN THEIR VIEW, NO LEGAL BASIS UNDER PARIS AGREEMENT OF 1946 FOR SALE OF THIS GOLD. WE HAVE

NOT YET RECEIVED REPLY FROM FRENCH, BUT EMBASSY OFFICER
LEFT NO DOUBT THAT FRENCH GOVERNMENT WOULD CONSIDER SALE
OF GOLD ILLEGAL.

6. WE ARE IN THE PROCESS OF PREPARING A LETTER
TO SENATOR LONG WHICH WILL REITERATE OUR
ARGUMENTS AGAINST THE AMENDMENT. WE HOPE TO USE THE
LETTER IN AN EFFORT TO HAVE THE AMENDMENT REVERSED
DURING CONGRESSIONAL CONSIDERATION.

7. REPORT ON AMBASSADOR SPACIL'S MEETING WITH DEPUTY
SECRETARY FOLLOWS BY SEPTTEL. KISSINGER UNQTE KISSINGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PFOR
Control Number: n/a
Copy: SINGLE
Draft Date: 19 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE202765
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/EE:TEDEAL/LVA
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740929/aaaaaypn.tel
Line Count: 127
Locator: TEXT ON-LINE
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 74 STATE 199967, 74 PRAGUE 6929
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 10 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 APR 2002 by cunninfx>; APPROVED <02 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US-CZECHOSLOVAK CLAIMS AGREEMENT
TAGS: EFIN, CZ, US
To: BELGRADE BUCHAREST BUDAPEST MOSCOW SOFIA WARSAW
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005